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## **India**

## **Tobacco and Products**

## **Annual**

## **2000**

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### **Report Highlights:**

Tobacco production is forecast to climb marginally from last year's level. An increase in the excise tax, however, has led to higher cigarette prices, throttling consumption.

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
New Delhi [IN1], IN

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**Production**

Production of unmanufactured tobacco is forecast at 661,600 tons this year, two percent above last year's estimated level. Cigarette tobacco is estimated to account for about 35 percent of total production. Favorable weather led to higher yields and better quality. This year's larger crop, coupled with reduced export demand and stagnant domestic consumption, is expected to result in record stocks of more than 135,000 tons, including 115,000 tons of cigarette tobacco. The production of FCV tobacco is expected to increase by 15 percent to 193,000 tons. Burley is also forecast to increase in 2000 (to 11,600 tons). Production of all other types, however, is likely to remain stable or decline slightly.

The Tobacco Board, a quasi-government agency, regulates the production and marketing of FCV tobacco. For the 2000 crop year, the Board set a production target of 40,000 tons for Karnataka and 102,000 tons for Andhra Pradesh. However, the states exceeded their targets by 8,000 tons and 43,000 tons, respectively. For the 2001 crop year, the Board has recommended a production target of 25,000 tons for Karnataka and a crop "holiday" (no FCV plantings) for Andhra Pradesh. Production of other types of tobacco is largely dependent upon industry contracts established to meet domestic and export demand. Apart from a transportation subsidy, provided for the coal used to cure tobacco in Karnataka, there are no direct subsidies for tobacco production, though the government regularly supports tobacco research and extension.

**Consumption**

India's consumption of tobacco for domestic cigarette manufacturing is forecast to decrease to 94,000 tons in 2000 (from 97,000 tons in 1999). FCV tobacco accounts for about 80 percent of the tobacco used in cigarette manufacturing, followed by burley at 6 percent. Other tobaccos used by cigarette manufacturers are HDBRG, sun-cured natu, oriental, and imported tobaccos. Most multinational brands sold in India are a blend of domestic and imported FCV and oriental tobaccos.

**Prices**

Increased production, lower demand and a large carryover depressed tobacco prices in 1999. This is expected to continue in 2000.

**Trade**

Tobacco imports are forecast to decline 11 percent to 275 tons in 2000. Reduced imports are attributed to depressed domestic tobacco prices and declining demand for premium cigarettes as an increase in the domestic excise tax has resulted in higher prices.

Tobacco exports are forecast at 100,000 tons in 2000, down from an estimated 120,000 tons in 1999. The decline is attributed to stagnant demand in importing countries and increasing production in competitor countries. Prices play a critical role in determining export volume as Indian tobacco is

considered inferior to tobacco from Brazil and Zimbabwe. Supported by lower domestic prices, good quality leaves and stronger demand from Russia, the EU and South Asian countries, tobacco exports rose an estimated 46 percent in 1999. While most of India's exports is FCV, small quantities of sun-cured natu are also exported to the US, Australia, Egypt and South Africa. Very limited quantities of cigar and pipe tobaccos are exported to EU countries.

### **Cigarettes**

Production of cigarettes is forecast to decline marginally in 2000 to 96 billion pieces. Higher cigarette prices, stemming from an increase in the excise tax, have encouraged a shift towards consumption of low-cost "beedi" cigarettes. The shift is most noticeable in the mini-cigarette sector which more closely competes with beedis.

Indian cigarette exports are expected to rebound in 2000 and are forecast at 1.5 billion pieces, 20 percent above the 1999 level. Reduced 1999 exports are attributed to lower demand in Middle Eastern markets, Malaysia and Singapore. Cigarette Imports are forecast at 200 million pieces in 2000, down from an estimated 245 million pieces in 1999.

**Commodity, Tobacco, Unmfg., PSD**

PSD Table							
Country:	India						
Commodity:	Tobacco, Unmfg.						
		1998		1999		2000	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		01/98		01/99		01/00	(MONTH/YEAR)
Area Planted	432780	432780	429940	429940	0	435600	(HA)
Beginning Stocks	108870	108870	116270	116270	140850	106187	(MT)
Farm Sales Weight Prod	633200	633200	648600	648600	0	661600	(MT)
Dry Weight Production	572200	572200	587600	587600	0	599400	(MT)
U.S. Leaf Imports	50	50	30	30	0	25	(MT)
Other Foreign Imports	300	300	280	280	0	250	(MT)
TOTAL Imports	350	350	310	310	0	275	(MT)
TOTAL SUPPLY	681420	681420	704180	704180	140850	705862	(MT)
Exports	81790	81790	85000	119643	0	100000	(MT)
Dom. Leaf Consumption	483010	483010	478000	478000	0	470000	(MT)
U.S. Leaf Dom. Consum.	50	50	50	50	0	30	(MT)
Other Foreign Consump.	300	300	280	300	0	280	(MT)
TOTAL Dom. Consumption	483360	483360	478330	478350	0	470310	(MT)
TOTAL Disappearance	565150	565150	563330	597993	0	570310	(MT)
Ending Stocks	116270	116270	140850	106187	0	135552	(MT)
TOTAL DISTRIBUTION	681420	681420	704180	704180	0	705862	(MT)

**Commodity, Burley, PSD**

Production Table							
Country:							
Commodity:	Burley						
		1998		1999		2000	UOM
	Old	New	Old	New	Old	New	
Market Year Begin							(MONTH/YEAR)
Area Planted	9500	9500	8700	9500	0	12500	(HA)
Beginning Stocks	3995	3995	2695	2695	2895	1645	(MT)
Farm Sales Weight Prod	9800	9800	9100	9800	0	11600	(MT)
Dry Weight Production	8700	8700	8200	8700	0	10300	(MT)
U.S. Leaf Imports	0	0	0	0	0	0	(MT)
Other Foreign Imports	0	0	0	0	0	0	(MT)
TOTAL Imports	0	0	0	0	0	0	(MT)
TOTAL SUPPLY	12695	12695	10895	11395	2895	11945	(MT)
Exports	4500	4500	2500	4500	0	2500	(MT)
Dom. Leaf Consumption	5500	5500	5500	5250	0	5500	(MT)
U.S. Leaf Dom. Consum.	0	0	0	0	0	0	(MT)
Other Foreign Consump.	0	0	0	0	0	0	(MT)
TOTAL Dom. Consumption	5500	5500	5500	5250	0	5500	(MT)
TOTAL Disappearance	10000	10000	8000	9750	0	8000	(MT)
Ending Stocks	2695	2695	2895	1645	0	3945	(MT)
TOTAL DISTRIBUTION	12695	12695	10895	11395	0	11945	(MT)

**Commodity, Flue Cured, PSD**

Production Table							
Country:							
Commodity:	Flue Cured						
		1998		1999		2000	UOM
	Old	New	Old	New	Old	New	
Market Year Begin							(MONTH/YEAR)
Area Planted	157980	157980	154040	157980	0	154040	(HA)
Beginning Stocks	21519	21519	28219	30219	46719	59709	(MT)
Farm Sales Weight Prod	162000	162000	172000	172000	0	193000	(MT)
Dry Weight Production	146700	146700	154500	154500	0	173350	(MT)
U.S. Leaf Imports	20	20	20	15	0	10	(MT)
Other Foreign Imports	30	30	30	25	0	25	(MT)
TOTAL Imports	50	50	50	40	0	35	(MT)
TOTAL SUPPLY	168269	168269	182769	184759	46719	233094	(MT)
Exports	60000	60000	56000	50000	0	45000	(MT)
Dom. Leaf Consumption	80000	78000	80000	75000	0	73000	(MT)
U.S. Leaf Dom. Consum.	20	20	20	20	0	10	(MT)
Other Foreign Consump.	30	30	30	30	0	25	(MT)
TOTAL Dom. Consumption	80050	78050	80050	75050	0	73035	(MT)
TOTAL Disappearance	140050	138050	136050	125050	0	118035	(MT)
Ending Stocks	28219	30219	46719	59709	0	115059	(MT)
TOTAL DISTRIBUTION	168269	168269	182769	184759	0	233094	(MT)

**Commodity, Cigarettes, PSD**

PSD Table							
Country:	India						
Commodity:	Tobacco, Mfg., Cigarettes						
		1998		1999		2000	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		01/98		01/99		01/00	(MONTH/YEAR)
Filter Production	43000	43000	41500	41500	0	41000	(MIL PCS)
Non-Filter Production	55000	55000	55500	55500	0	55000	(MIL PCS)
TOTAL Production	98000	98000	97000	97000	0	96000	(MIL PCS)
Imports	245	245	225	225	0	200	(MIL PCS)
TOTAL SUPPLY	98245	98245	97225	97225	0	96200	(MIL PCS)
Exports	1425	1425	1250	1250	0	1500	(MIL PCS)
Domestic Consumption	96820	96820	95975	95975	0	94700	(MIL PCS)
TOTAL DISTRIBUTION	98245	98245	97225	97225	0	96200	(MIL PCS)

**Commodity, Tobacco, Unmfg., Export Trade Matrix**

Export Trade Matrix			
Country:		Units:	tons
Commodity:			
Time period:	Jan - Dec		
Exports for	1998		1999
U.S.	1344	U.S.	887
Others		Others	
Russia	17276	Russia	35700
United Kingdom	8269	United Kingdom	15250
Belgium	8140	Belgium	10230
Germany	4510	Yemen	7522
Djibouti	3771	Germany	7120
Nepal	3549	Nepal	5126
Poland	2731	Netherlands	4152
Spain	2673	Ukraine	3584
Yemen Rep.	2557	Egypt	3264
Ukraine	2532	Bangladesh	3005
Total for Others	56008		94953
Others not listed	24439		23803
Grand Total	81791		119643

**Commodity, Tobacco, Unmfg., Import Trade Matrix**

Import Trade Matrix			
Country:		Units:	Tons
Commodity:			
Time period:	Jan - Dec		
Imports for	1998		1999
U.S.	35	U.S.	
Others		Others	
Turkey	115		
U.K.	60		
Brazil	38		
Greece	15		
Zimbabwe	12		
Total for Others	240		0
Others not listed	2		
Grand Total	277		0

**Commodity, Cigarettes, Export Trade Matrix**

Export Trade Matrix			
Country:		Units:	Million Pcs.
Commodity:			
Time period:	Jan - Dec		
Exports for	1998		1999
U.S.	60	U.S.	
Others		Others	
U.A.E.	421		
Malaysia	264		
Saudi Arabia	171		
Singapore	53		
Russia	48		
Bangladesh	40		
Oman	34		
Jordan	22		
Total for Others	1053		0
Others not listed	312		
Grand Total	1425		0

**Commodity, Cigarettes, Export Trade Matrix**

Import Trade Matrix			
Country:		Units:	Million Pcs.
Commodity:			
Time period:	Jan - Dec		
Imports for	1998		1999
U.S.	39	U.S.	
Others		Others	
U.K.	172		
Japan	28		
Total for Others	200		0
Others not listed	4		
Grand Total	243		0